

ANNUAL REPORT 1951

THE GOODYEAR TIRE & RUBBER

COMPANY OF CANADA, LIMITED

NEW TORONTO, ONTARIO



THE
GOODYEAR
TIRE

MORE PEOPLE RIDE ON GOODYEAR
TIRES THAN ON ANY OTHER KIND

ANNUAL REPORT

to the shareholders

THE GOODYEAR TIRE & RUBBER
COMPANY OF CANADA, LIMITED

NEW TORONTO, ONTARIO



For the fiscal year ended December 31 1951

General Offices

NEW TORONTO, ONT.

Factories

NEW TORONTO, ONT.

BOWMANVILLE, ONT.

QUEBEC CITY, QUE.

Cotton Plant

ST. HYACINTHE, QUE.

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

Branches

SAINT JOHN, N.B.
112 Princess St.

QUEBEC, QUE.
204 Dorchester St.

MONTREAL, QUE.
2050 Côte de Liesse Road

TORONTO, ONT.
622 Fleet St. West

LONDON, ONT.
539 Richmond St.

WINNIPEG, MAN.
97 Higgins Ave.

REGINA, SASK.
1118 Broad St.

SASKATOON, SASK.
302 Pacific Ave.

CALGARY, ALTA.
238-11th Ave. East

EDMONTON, ALTA.
10355-105th St.

VANCOUVER, B.C.
1004 Hamilton St.

Wholesale Distributors

HALIFAX, N.S.
Maritime Accessories Limited,
Sackville and South Park Sts.

ST. JOHN'S, NFLD.
A. E. Hickman Company Limited

Board of Directors

P. W. LITCHFIELD, *Chairman*, AKRON

A. G. PARTRIDGE, TORONTO

R. C. BERKINSHAW, C.B.E., TORONTO

P. A. THOMSON, MONTREAL

P. E. H. LEROY, AKRON

E. J. THOMAS, AKRON

A. W. DENNY, TORONTO

Officers

A. G. PARTRIDGE, *President*

R. C. BERKINSHAW, *Vice-President and General Manager*

A. W. DENNY, *Vice-President*

H. G. HARPER, JR., *Vice-President*

R. W. RICHARDS, *Vice-President*

C. B. COOPER, *General Sales Manager*

D. C. CARLISLE, *Treasurer*

K. E. KENNEDY, *Secretary and General Counsel*

J. G. WILLIAMS, *Comptroller*

J. W. PHILP, *Assistant Treasurer*

G. G. MERRITT, *Assistant Treasurer*

A. E. ROBINETTE, *Assistant Secretary*

C. W. J. EVANS, *Assistant Comptroller*

W. N. FERGUSON, *Assistant Comptroller*

ANNUAL REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Your Directors have pleasure in submitting herewith the consolidated balance sheet of the Company and its subsidiaries as of December 31 1951 and the consolidated statements of profit and loss and earned surplus which set forth the financial position of the consolidated companies and the result of their operations for the year 1951. The report of the Company's auditors, Price Waterhouse & Co., is also attached.

The consolidated net profit for the year amounted to \$3,976,535 and after providing for dividends on the preferred shares outstanding, is equivalent to \$14.26 per share on the outstanding common stock.

The following summary sets out the manner in which the profits for the year have been applied:

FUNDS PROVIDED

Consolidated net profit for the year.....		\$3,976,535
Add—Provision for depreciation which does not represent a current disbursement of funds.....	\$2,780,691	
Decrease in investments and other assets.....	428,561	3,209,252
		<u>\$7,185,787</u>

DISPOSITION OF FUNDS

Dividends on four per cent. preferred stock.....	\$ 305,673	
Dividends on common stock.....	1,029,040	\$1,334,713
		<u>77,150</u>
Preferred stock redeemed and cancelled.....		1,803,298
Expenditures on plant and equipment (net).....		<u>\$3,215,161</u>
		3,970,626
Increase in net current assets or working capital.....		<u>\$7,185,787</u>
Total as above.....		<u><u>\$7,185,787</u></u>

The inventories of raw material, work in process and finished goods have been thoroughly reviewed and have been valued on the basis of the lower of average cost or market except in the case of unprocessed rubber on hand and in transit which, in accordance with the practice adopted last year, was valued at cost as determined by the last-in, first-out method. One of the results of the adoption of this method of inventory valuation of unprocessed rubber was that the decline in price of crude rubber, which was experienced during 1951, did not adversely affect profits to the same extent as if the methods of inventory valuation used before 1950 had been continued.

The capital expenditures during the year amounted to \$1,803,298. These expenditures represented the cost of additional equipment for the improvement of production facilities and for enlargements of branch distributing centres. To meet the ever-growing demand for your Company's tire products and provide additional facilities for defence production, a substantial expansion program, which will involve the erection of new factory buildings on the New Toronto property and the installation of the required equipment, has been initiated. The estimated cost of this project is \$5,000,000 and satisfactory arrangements have been made to finance these expenditures.

Domestic sales of your Company's products again exceeded all previous records. Export sales showed an increase, but exchange restrictions in foreign countries still continue to hold the volume of these sales to a lower level than might otherwise be obtained.

During the year your Company introduced three new lines of tires, the Super-Cushion Marathon, specially designed to make available the famous "super-cushion" principle in a lower price range. The Hard-Rock Rib, a running mate to the Hard-Rock Lug tire and a new tire designed for light trucks, known as the Goodyear Hi-Miler Rib.

Airfoam, a foam latex material, definitely took the lead in the furniture field. The sales of Neolite, an elastomer resin blend used in the manufacture of heels and soles, were greatly increased. Tires, tubes, conveyor and transmission belting as well as molded rubber goods manufactured by Goodyear, were to be found on construction projects in all parts of the Dominion.

Although the operations for the year had the effect of adding \$3,970,626 to the Company's working capital, the increase in sales volume and other factors resulted in a substantial increase in inventories and accounts receivable. The additional investment in these working assets was financed, partly from earnings and partly from bank borrowings which rose from \$2,893,704 at December 31 1950 to \$6,051,321 at December 31 1951. Although the net profit for 1951 is substantially in excess of the present dividend requirements on the common stock, your Directors feel that until the bank overdraft is materially reduced, it would not be consistent with sound financial practices to consider an increase in the dividend rate on the common stock.

We draw to your attention the heavy tax burden imposed on your Company during the year by way of income taxes, as well as sales and excise taxes on its main products. When the Dominion income tax rate was increased from 38% to 45% by means of a special defence surtax, the sales tax was raised from 8% to 10% and the excise tax on tires and tubes from 15% to 25%. Taxes of all kinds amounted to \$12,065,437 equivalent to \$46.90 per share of issued common stock.

It is with a profound sense of loss that we record the passing of two of our valued colleagues, Mr. C. H. Carlisle and Mr. E. H. Koken, during July last. Mr. Carlisle was President of this Company from 1926 to 1936 and served as a senior member of the Board of Directors until his death; his advice and counsel on business matters will be greatly missed. Mr. Koken helped build an outstanding production organization in Canada and served in Canada as Vice-President in charge of Production until his retirement in 1946. In November 1951, the Board of Directors appointed Mr. A. W. Denny a Director of this Company.

To the employees who have loyally devoted their energy and ability to the furtherance of the Company's interests and aided in achieving the satisfactory results of the year, the Directors express their appreciation of a job well done.

Present economic conditions in Canada are favourable to further industrial progress and an enlargement of the Canadian market. Given a continuation of such conditions, with the efficiency and resourcefulness of our organization, we can look forward to the future with confidence.

On behalf of the Board.

P. W. LITCHFIELD,
Chairman of the Board.

R. C. BERKINSHAW,
Vice-President and General Manager.

February 20 1952.

THE GOODYEAR TIRE & RUBBER AND SUBSIDIARIES

CONSOLIDATED

ASSETS

	December 31 1951	December 31 1950
CURRENT ASSETS:		
Cash.....	\$ 139,725	\$ 89,484
Accounts receivable, less reserve—1951—\$521,611; 1950— \$393,095.....	8,382,953	5,959,131
Inventories at average cost or market whichever is lower, except as to unprocessed rubber on hand and in transit which was valued at cost as determined on the last-in first- out basis.....	19,212,047	14,363,882
TOTAL CURRENT ASSETS.....	\$27,734,725	\$20,412,497
INVESTMENTS AND OTHER ASSETS:		
Mortgages, agreements of sale, etc.....	\$ 488,205	\$ 565,396
Refundable portion of excess profits taxes.....		282,196
Deferred charges to future operations.....	144,000	213,174
	\$ 632,205	\$ 1,060,766
PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment.....	\$27,261,638	\$25,697,111
Less—Reserve for depreciation.....	19,808,779	17,266,859
	\$ 7,452,859	\$ 8,430,252
	<u>\$35,819,789</u>	<u>\$29,903,515</u>

COMPANY OF CANADA, LIMITED

COMPANIES

ALANCE SHEET

LIABILITIES

	December 31 1951	December 31 1950
CURRENT LIABILITIES:		
Bank overdraft.....	\$ 6,051,321	\$ 2,893,704
Accounts payable.....	3,890,419	3,399,343
Accrued income and other taxes payable.....	2,176,465	2,472,785
Preferred stock dividend payable.....	76,408	77,179
TOTAL CURRENT LIABILITIES.....	\$12,194,613	\$ 8,843,011
 RESERVE FOR CONTINGENCIES.....	 \$ 1,000,000	 \$ 1,000,000
 CAPITAL STOCK:		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Stock (Par value \$50.00 per share):		
Authorized and outstanding—1951—152,815 shares; 1950—154,358 shares.....	\$ 7,640,750	\$ 7,717,900
Common stock, no par value:		
Authorized—290,660 shares; issued—257,260 shares	128,630	128,630
Capital surplus.....	692,350	692,350
	<u>\$ 8,461,730</u>	<u>\$ 8,538,880</u>
 EARNED SURPLUS, as per statement attached.....	 \$14,163,446	 \$11,521,624
	<u><u>\$35,819,789</u></u>	<u><u>\$29,903,515</u></u>

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year ended December 31	
	1951	1950
Profit from operations before providing for depreciation and income taxes.....	\$11,123,036	\$ 7,350,694
Other income.....	86,968	93,223
	<u>\$11,210,004</u>	<u>\$ 7,443,917</u>
Deduct:		
Provision for depreciation.....	\$ 2,780,691	\$ 1,907,363
Provision for income taxes.....	4,452,778	3,390,329
	<u>\$ 7,233,469</u>	<u>\$ 5,297,692</u>
Net profit for the year carried to Earned Surplus, as below.....	<u><u>\$ 3,976,535</u></u>	<u><u>\$ 2,146,225</u></u>

CONSOLIDATED EARNED SURPLUS STATEMENT

	Year ended December 31	
	1951	1950
Balance at end of previous year.....	\$11,521,624	\$10,971,268
Net profit for year, per consolidated profit and loss statement, as above.....	3,976,535	2,146,225
	<u>\$15,498,159</u>	<u>\$13,117,493</u>
Deduct:		
Dividends:		
On four per cent. preferred stock.....	\$ 305,673	\$ 309,569
On common stock.....	1,029,040	1,286,300
	<u>\$ 1,334,713</u>	<u>\$ 1,595,869</u>
Balance December 31, per balance sheet.....	<u><u>\$14,163,446</u></u>	<u><u>\$11,521,624</u></u>

PRICE WATERHOUSE & CO.

ROYAL BANK BUILDING
TORONTO

January 25 1952

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31 1951 and the related consolidated statements of profit and loss and earned surplus for the year ended on that date, and all our requirements as auditors have been complied with. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

The 1951 provision for depreciation includes a special charge of \$532,660 representing the undepreciated balance of the cost of certain machinery and equipment and net profit for the year has been reduced by this amount.

Subject to the foregoing we report that, in our opinion, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31 1951 and the results of their operations for the year ended on that date according to the best of our information and the explanations given to us and as shown by the books of the companies.

Price Waterhouse Co.

Auditors.

GOOD YEAR in CA



ADA... *Teamwork in Action!*



It takes more than raw materials and machines to build and sell a quality product. Most important of all, it requires men and women working as a team.

Goodyear employees—in production, planning, sales and service—constantly strive for the highest achievement in their own jobs.

The combination of their efforts result in the building and selling of quality products—one of the main reasons for Goodyear's 42 years of leadership in the Canadian rubber industry.



LEADERSHIP *in action!*



Most recent of Goodyear Products that serve the public is the revolutionary "Suburbanite", a tire especially designed for those who drive on hard-packed snow and ice in city and suburbs. In extensive tests and in actual operation, the "Suburbanite" has proven itself far superior to all other winter tires for these driving conditions.

The "Suburbanite" demonstrates once more the far-sighted planning that has made possible so many Goodyear "firsts" in the tire industry.

That your Company's dynamic leadership in research, production, and distribution, enjoys the public confidence was again proven by a recent independent survey which showed that almost half (49.4%) of all Canadian motorists preferred Goodyear tires to any other make.



THE GREATEST NAME IN RUBBER

TIRES, TUBES, LIFEGUARDS, BATTERIES, AUTOMOTIVE
ACCESSORIES, BELTING, HOSE, PACKING, MOLDED GOODS,
AIRFOAM, PLIOFILM, AVIATION PRODUCTS, NEOLITE,
RUBBER SOLES AND HEELS

